

# Exhibit F

\*\*\* C O N F I D E N T I A L \*\*\*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re: )  
)  
Orrin S. Anderson, aka ) Case No.  
Orrin Anderson, aka Orrin ) 14-22147 (rdd)  
Scott Anderson, )  
) Chapter 7  
Debtor. )  
\_\_\_\_\_)  
)  
In re: )  
)  
Orrin S. Anderson, aka ) Adv. Case No.  
Orrin Anderson, aka Orrin ) 15-08214 (rdd)  
Scott Anderson )  
)  
Debtor and Plaintiff, )  
on behalf of himself )  
and all others )  
similarly situated, )  
)  
v. )  
)  
CREDIT ONE BANK, N.A., )  
)  
Defendant. )  
\_\_\_\_\_)

DEPOSITION OF HELEN LANHAM

Taken on January 27, 2016 at 9:28 A.M.

300 South Fourth Street, Suite 800

Las Vegas, Nevada

Reported by: Jennifer Clark, RDR, CRR, CCR #422

MAGNA LEGAL SERVICES

(866) 624-6221

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<p>1 *** CONFIDENTIAL ***</p> <p>2 MR. SLODOV: Right.</p> <p>3 MR. SHELLY: Right.</p> <p>4 MR. SLODOV: And I guess within</p> <p>5 14 days of production of the transcript?</p> <p>6 MR. SHELLY: That's fine. Sure.</p> <p>7 MR. SLODOV: Okay.</p> <p>8</p> <p>9 EXAMINATION</p> <p>10 BY MR. SHELLY:</p> <p>11 Q. All right. I'm going to start</p> <p>12 off by asking you, prior to this lawsuit, was</p> <p>13 Credit One aware of plaintiff's discharge in</p> <p>14 bankruptcy and the discharge of the debts</p> <p>15 plaintiff owed to Credit One?</p> <p>16 A. No, we were not.</p> <p>17 Q. So Credit One became aware of his</p> <p>18 discharge in bankruptcy after this lawsuit</p> <p>19 was commenced.</p> <p>20 A. Correct.</p> <p>21 Q. Okay. Have you been deposed</p> <p>22 before?</p> <p>23 A. Yes, I have.</p> <p>24 Q. How many times?</p> <p>25 A. Just once before.</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 overall corporate structure, at least, first,</p> <p>3 of Credit One Bank National Association.</p> <p>4 I'm probably going to refer to it</p> <p>5 as Credit One throughout the day; is that</p> <p>6 okay?</p> <p>7 A. Yes, certainly.</p> <p>8 Q. Okay.</p> <p>9 A. So Credit One is owned by -- it's</p> <p>10 a fully owned subsidiary of Credit One</p> <p>11 Financial, so that's the general structure.</p> <p>12 What other specific details are you looking</p> <p>13 for?</p> <p>14 Q. Well, it's owned by Credit One</p> <p>15 Financial. Is Credit One Financial owned by</p> <p>16 anybody?</p> <p>17 A. No, it's not.</p> <p>18 Q. What other entities does Credit</p> <p>19 One Financial own, if any?</p> <p>20 A. It only owns Credit One Bank.</p> <p>21 Q. How is Credit One related to the</p> <p>22 Sherman Financial Group?</p> <p>23 A. Sherman previously owned Credit</p> <p>24 One Financial, and in 2012, Sherman --</p> <p>25 Credit One Financial became its own</p>
Page 7	Page 9
<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Okay. What sort of a case was</p> <p>3 that?</p> <p>4 A. It was an adverse action</p> <p>5 notification as part of a credit application</p> <p>6 and denial.</p> <p>7 Q. As an individual case?</p> <p>8 A. Yes, it was for an individual</p> <p>9 case.</p> <p>10 Q. If, during the deposition, you</p> <p>11 want to take a break at any time, just let me</p> <p>12 know. If you don't understand something that</p> <p>13 I say, just let me know, and I'll try to</p> <p>14 repeat it so that you do understand it.</p> <p>15 Okay?</p> <p>16 A. Okay. Thank you.</p> <p>17 Q. And one other thing you're doing</p> <p>18 well so far. A lot of people just want to</p> <p>19 shake their head yes or no, you know, but you</p> <p>20 need to verbalize that so --</p> <p>21 A. Right, right. Absolutely. It</p> <p>22 can't come out on the transcript if it's not</p> <p>23 audible.</p> <p>24 Q. Right, right.</p> <p>25 If you could describe for me the</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 subsidiary.</p> <p>3 Q. Of the Sherman Financial Group?</p> <p>4 A. I'm sorry. Credit One Bank</p> <p>5 became a fully owned subsidiary of Credit One</p> <p>6 Financial.</p> <p>7 Q. And what's the relationship of</p> <p>8 Credit One Financial to the Sherman Financial</p> <p>9 Group?</p> <p>10 A. Sherman has an interest in Credit</p> <p>11 One Financial.</p> <p>12 Q. Do you know what percentage of</p> <p>13 that interest?</p> <p>14 A. No, I do not.</p> <p>15 Q. Do you know of anyone else, other</p> <p>16 than Sherman Financial Group, that has an</p> <p>17 interest in Credit One Financial?</p> <p>18 A. No, I do not.</p> <p>19 Q. How is it that you're aware of</p> <p>20 the interest that Sherman Financial Group has</p> <p>21 in Credit One Financial?</p> <p>22 A. Because they previously owned --</p> <p>23 they previously owned Credit One Financial.</p> <p>24 Q. They previously owned Credit One</p> <p>25 Financial or Credit One Bank?</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 A. They previously owned -- I'm</p> <p>3 sorry. They previously owned Credit One</p> <p>4 Bank.</p> <p>5 Q. Okay. And when Sherman Financial</p> <p>6 Group owned Credit One Bank, did Credit One</p> <p>7 Financial exist?</p> <p>8 A. I'm not -- I'm not sure.</p> <p>9 Q. Okay. Do you have any</p> <p>10 understanding as to when Credit One Financial</p> <p>11 was created?</p> <p>12 A. I believe it was in 2012.</p> <p>13 Q. Is it your understanding that the</p> <p>14 reason it was created was to own Credit One</p> <p>15 Bank?</p> <p>16 A. Yes.</p> <p>17 Q. Do you have any understanding as</p> <p>18 to why Sherman Financial Group set up Credit</p> <p>19 One Financial to own Credit One Bank?</p> <p>20 A. No, I do not.</p> <p>21 Q. Other than Credit One Financial,</p> <p>22 are you aware of any other entities owned by</p> <p>23 Sherman Financial Group?</p> <p>24 MR. SLODOV: Objection.</p> <p>25 Relevance.</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 business of MHC Receivables?</p> <p>3 MR. SLODOV: Objection.</p> <p>4 Relevance.</p> <p>5 BY MR. SHELLY:</p> <p>6 Q. He's going to object as to</p> <p>7 relevance but --</p> <p>8 A. Right.</p> <p>9 So it's my understanding that</p> <p>10 when Credit One Bank originates an account,</p> <p>11 the receivables associated with that account</p> <p>12 are sold to MHC Receivables.</p> <p>13 Q. And is that true of every</p> <p>14 receivable generated by Credit One Bank?</p> <p>15 A. Yes.</p> <p>16 Q. How are those receivables sold to</p> <p>17 MHC Receivables?</p> <p>18 MR. SLODOV: Objection. Vague.</p> <p>19 THE WITNESS: There's a process</p> <p>20 where, once the receivable is -- you</p> <p>21 know, once the -- once the account has</p> <p>22 been originated by Credit One, there's a</p> <p>23 process then where the money is -- you</p> <p>24 know, for the receivables, is</p> <p>25 transferred to MHC Receivables.</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 BY MR. SHELLY:</p> <p>3 Q. He's going to object, but unless</p> <p>4 he directs you not to answer, you can go</p> <p>5 ahead and answer the questions.</p> <p>6 MR. SLODOV: You can answer.</p> <p>7 THE WITNESS: I believe they</p> <p>8 have an interest in MHC Receivables</p> <p>9 and -- which is an LLC, and FNBM, LLC.</p> <p>10 I don't know the exact nature of the</p> <p>11 ownership.</p> <p>12 BY MR. SHELLY:</p> <p>13 Q. Other than MHC Receivables and</p> <p>14 FNBM, LLC, are you aware of any other</p> <p>15 entities owned by Sherman Financial Group?</p> <p>16 MR. SLODOV: Objection.</p> <p>17 Relevance.</p> <p>18 THE WITNESS: I believe they're</p> <p>19 associated with Sherman Financial --</p> <p>20 Sherman Financial Markets. I'm sorry.</p> <p>21 That's, like, Sherman Capital Markets.</p> <p>22 BY MR. SHELLY:</p> <p>23 Q. Does Credit One Bank have any --</p> <p>24 strike that.</p> <p>25 What do you understand to be the</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 BY MR. SHELLY:</p> <p>3 Q. Is that process set forth in</p> <p>4 certain documents?</p> <p>5 A. Yes, I believe it is.</p> <p>6 Q. And what would those documents</p> <p>7 be?</p> <p>8 A. I believe there's a contract,</p> <p>9 between either Credit One and MHC Receivables</p> <p>10 that would outline all the specifics and</p> <p>11 details of how that financial transfer would</p> <p>12 transpire.</p> <p>13 Q. And do those contracts cover a</p> <p>14 given time period? Like on a yearly basis,</p> <p>15 they will cover every receivable generated by</p> <p>16 Credit One Bank?</p> <p>17 A. I do not know that.</p> <p>18 Q. How quickly are those receivables</p> <p>19 sold to MHC Receivables?</p> <p>20 A. I believe it's within, you know,</p> <p>21 a 30-day period of when the credit card is</p> <p>22 originated.</p> <p>23 Q. Would it ever be longer than</p> <p>24 30 days?</p> <p>25 A. I don't believe it would be.</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Are there documents within Credit</p> <p>3 One Bank describing how its employees should</p> <p>4 handle the sale of these receivables to</p> <p>5 MHC Receivables?</p> <p>6 A. I believe that's dictated --</p> <p>7 would be dictated in the -- in the contract,</p> <p>8 how the, you know, financial money transfer</p> <p>9 part of that would work.</p> <p>10 Q. Is there a certain department</p> <p>11 within Credit One that handles the sale of</p> <p>12 these receivables?</p> <p>13 A. Well, our treasury and finance</p> <p>14 department is the department that's</p> <p>15 responsible for, you know, the financial, you</p> <p>16 know, dealings of the bank. So that</p> <p>17 department would be responsible for funds</p> <p>18 transfer as well as, you know, other</p> <p>19 functions related to finance and accounting.</p> <p>20 Q. Any particular people within</p> <p>21 treasury and finance that handle the sale of</p> <p>22 these receivables?</p> <p>23 A. Not anyone -- not anyone</p> <p>24 specific. There are teams of people that,</p> <p>25 you know, work on different functions within</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. And was he CFO at that time as</p> <p>3 well?</p> <p>4 A. He was the head of the</p> <p>5 department. I don't remember exactly when he</p> <p>6 became the -- when he became the chief</p> <p>7 financial officer.</p> <p>8 Q. Do you have an understanding as</p> <p>9 to why Credit One began selling its</p> <p>10 receivables to MHC Receivables in 2009?</p> <p>11 A. No, I do not.</p> <p>12 Q. Do you have an understanding</p> <p>13 today as to why Credit One, the bank, sells</p> <p>14 its receivables to MHC Receivables?</p> <p>15 A. No, I do not.</p> <p>16 Q. You've been designated as Credit</p> <p>17 One's designee on these topics today. You</p> <p>18 don't have an answer to that question?</p> <p>19 MR. SLODOV: Objection. What</p> <p>20 topic are you referring to? The</p> <p>21 question you asked has nothing to do</p> <p>22 with any of the topics in your notice of</p> <p>23 deposition.</p> <p>24 MR. SHELLY: Are you going to</p> <p>25 direct her not to answer the question?</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 that department.</p> <p>3 Q. And how long has Credit One been</p> <p>4 selling its receivables to MHC Receivables?</p> <p>5 A. I believe since 2009.</p> <p>6 Q. And what did Credit One do with</p> <p>7 its receivables prior to 2009?</p> <p>8 MR. SLODOV: Objection.</p> <p>9 Relevance.</p> <p>10 THE WITNESS: I'm not aware of</p> <p>11 what they did with the receivables prior</p> <p>12 to 2009.</p> <p>13 BY MR. SHELLY:</p> <p>14 Q. Would there be somebody within</p> <p>15 Credit One that would be aware of that?</p> <p>16 A. Yes, there would be.</p> <p>17 Q. Who would that be?</p> <p>18 A. Our CFO would be more aware of</p> <p>19 those types of, you know, financial</p> <p>20 transactions.</p> <p>21 Q. And who is that?</p> <p>22 A. It's George Hughes.</p> <p>23 Q. And was he at Credit One back --</p> <p>24 prior to 2009?</p> <p>25 A. Yes.</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 MR. SLODOV: I'm just asking if</p> <p>3 you could clarify, for the record, what</p> <p>4 topic.</p> <p>5 BY MR. SHELLY:</p> <p>6 Q. Okay. Can you answer the</p> <p>7 question?</p> <p>8 A. So which specific question now</p> <p>9 are you asking? What the --</p> <p>10 Q. Why Credit One Bank sells its</p> <p>11 receivables to MHC Receivables.</p> <p>12 A. I'm not sure what the business</p> <p>13 justification for that is. I've read the</p> <p>14 documents, and I'm aware of, you know, the</p> <p>15 chain of ownership on the receivable and the</p> <p>16 account, but I do not know what the business</p> <p>17 purpose for that is.</p> <p>18 Q. What benefit does Credit One Bank</p> <p>19 receive by selling its receivable to</p> <p>20 MHC Receivables?</p> <p>21 A. I don't know what benefit they</p> <p>22 receive.</p> <p>23 Q. Do they receive financial</p> <p>24 remuneration?</p> <p>25 A. They receive -- the bank receives</p>

<p style="text-align: right;">Page 18</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 financial remuneration when the account is --</p> <p>3 when the account is sold, the account</p> <p>4 receives -- or the bank receives money for</p> <p>5 the -- you know, for the sale of -- of the</p> <p>6 account.</p> <p>7 Q. When you're talking about the</p> <p>8 sale now, we're talking about the sale to</p> <p>9 MHC Receivables, or you're talking about a</p> <p>10 different sale further down the line?</p> <p>11 A. Further down the line, the bank</p> <p>12 receives financial compensation for the sale</p> <p>13 of the debt.</p> <p>14 Q. But at the time it first sells it</p> <p>15 to MHC Receivables, it does not receive any</p> <p>16 financial benefit?</p> <p>17 A. The bank receives, you know,</p> <p>18 financial -- the bank is paid to service the</p> <p>19 account, and it is paid for the origination,</p> <p>20 you know, expense of the account.</p> <p>21 Q. And who pays it for the servicing</p> <p>22 and origination of the account?</p> <p>23 A. I believe it's MHC Receivables.</p> <p>24 Q. And when you say "servicing the</p> <p>25 account," what does that entail?</p>	<p style="text-align: right;">Page 20</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 account is originated and the receivables are</p> <p>3 initially sold to MHC, LLC, MHC, LLC sells</p> <p>4 the receivable to FNBM.</p> <p>5 Q. Do you have any understanding as</p> <p>6 to why MHC Receivables sells that receivable</p> <p>7 to FNBM?</p> <p>8 A. No, I do not.</p> <p>9 Q. And are you aware of the</p> <p>10 contracts that govern the sale from MHC to</p> <p>11 FNBM?</p> <p>12 MR. SLODOV: Objection.</p> <p>13 THE WITNESS: No, I am not.</p> <p>14 BY MR. SHELLY:</p> <p>15 Q. Are you aware of the fact that --</p> <p>16 strike that.</p> <p>17 Do you have an understanding as</p> <p>18 to why MHC sells the receivable to FNBM?</p> <p>19 A. No, I do not.</p> <p>20 Q. And at the time MHC sells it to</p> <p>21 FNBM, is that the time that Credit One</p> <p>22 receives financial benefit for the sale?</p> <p>23 A. I believe that Credit One</p> <p>24 receives benefit from the sale of the</p> <p>25 receivable at the time that Credit One sells</p>
<p style="text-align: right;">Page 19</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 A. So all the functions related to</p> <p>3 customer service operations, handling the</p> <p>4 account, taking payments on the account, all</p> <p>5 the normal, you know, functions of servicing</p> <p>6 a credit card account, customer service.</p> <p>7 Q. So basically, it runs the entire</p> <p>8 end of the business that deals with the</p> <p>9 customer.</p> <p>10 A. Right, exactly.</p> <p>11 Q. And when you say "origination," I</p> <p>12 think I understand what you mean by that, but</p> <p>13 could you tell me what, in fact, you do mean</p> <p>14 by "origination."</p> <p>15 A. So origination means -- means</p> <p>16 acquiring -- opening up a new credit card</p> <p>17 account.</p> <p>18 Q. And that might include</p> <p>19 advertising, soliciting people to actually</p> <p>20 enroll in an account with Credit One.</p> <p>21 A. Correct.</p> <p>22 Q. And you also said FNBM, LLC.</p> <p>23 What sort of business relationship, if any,</p> <p>24 does Credit One have with FNBM, LLC?</p> <p>25 A. Once the receivables -- once the</p>	<p style="text-align: right;">Page 21</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 the receivable to NHC. I'm not aware of that</p> <p>3 financial benefit being predicated on the</p> <p>4 additional sale to FNBM.</p> <p>5 Q. Well, just earlier you said</p> <p>6 that -- I asked you do they receive financial</p> <p>7 remuneration. You said they receive -- the</p> <p>8 bank receives financial remuneration when the</p> <p>9 account is -- when the account is sold, the</p> <p>10 account receives -- or the bank receives</p> <p>11 money for the -- you know, for the sale of</p> <p>12 the account. And then I asked you, when</p> <p>13 you're talking about the sale now, we're</p> <p>14 talking about the sale to MHC Receivable, are</p> <p>15 you talking about a different sale further</p> <p>16 down the line, you said further down the</p> <p>17 line, the bank receives financial</p> <p>18 compensation for the sale of the debt.</p> <p>19 A. Well, there are two --</p> <p>20 MR. SLODOV: Objection as to</p> <p>21 the -- what's the question?</p> <p>22 BY MR. SHELLY:</p> <p>23 Q. You understood the question,</p> <p>24 didn't you? You were just going to tell me</p> <p>25 an answer.</p>

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1 A. Well, I'm just trying to clarify.  
 2 There's two points in this process where the  
 3 bank receives, you know, financial  
 4 compensation. So to my understanding, the  
 5 first time is after we've originated the  
 6 account, the receivables are sold to MHC,  
 7 LLC.  
 8 Q. Okay.  
 9 A. And during the time that we own  
 10 the account and the account is in good  
 11 standing, we receive a servicing fee for that  
 12 account for -- for servicing the account, you  
 13 know. I said previously we receive -- we  
 14 receive money for the expense of the account  
 15 origination, so that's one part.  
 16 So if the account is a  
 17 discharge -- I'm sorry. If the account is  
 18 sold, so if the account is charged off and we  
 19 sell the account, the bank then receives  
 20 financial compensation for the sale of that  
 21 debt.  
 22 Q. Okay.  
 23 A. So there are two points during  
 24 the process where the bank receives financial  
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1 compensation.  
 2 Q. So the financial compensation it  
 3 receives from MHC Receivables is for the  
 4 servicing and the origination, not for the  
 5 actual sale of that debt to MHC; is that  
 6 correct?  
 7 A. In the first part of the -- yes.  
 8 That's why -- in the first part of that, you  
 9 know, the bank then -- when the -- you know,  
 10 when the account is, you know, charged off  
 11 and sold, the bank sells the remaining --  
 12 sells that to MHC Receivables.  
 13 So they would again be -- you  
 14 know, the bank would be getting compensation  
 15 for the sale of the debt at that point in  
 16 time as well, to my understanding. So  
 17 there's two -- there's basically two parts of  
 18 the process where the bank is compensated in  
 19 some way for the account or the receivable.  
 20 Q. So it sells all of its  
 21 accounts -- all of its receivables to MHC.  
 22 When the account is charged off, it then  
 23 charges -- it then sells that charged-off  
 24 debt to MHC at that time; is that correct?  
 25

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1 Is that what you're saying?  
 2 A. That's my understanding, yes.  
 3 Q. But when MHC sells the receivable  
 4 to FNBM, Credit One does not receive any  
 5 financial benefit from that.  
 6 A. Not to my knowledge, no.  
 7 Q. When the debt -- the charged-off  
 8 debts are sold to MHC, do you have an  
 9 understanding what happens to that debt that  
 10 MHC now owns?  
 11 A. Yes. That -- MHC sells that debt  
 12 to Sherman Originator III.  
 13 Q. The sold -- at the time that  
 14 Credit One sells the charged-off debt to MHC,  
 15 does Credit One receive money from MHC for  
 16 that sale?  
 17 A. Yes.  
 18 Q. And that's governed by a contract  
 19 as well?  
 20 A. Yes.  
 21 Q. Do you have any understanding as  
 22 to why MHC sells the debt to Sherman  
 23 Originator?  
 24 A. No, I do not.  
 25

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1 Q. And do you know what Sherman  
 2 Originator does with the charged-off debt  
 3 that it received from MHC?  
 4 A. Sherman Originator will sell that  
 5 debt to other buyers.  
 6 Q. What other buyers are you aware  
 7 of that Sherman Originator sells to?  
 8 A. I know Midland Funding is one. I  
 9 believe Encore. I'm not sure if Encore and  
 10 Midland were the same. Sometimes these  
 11 entities change names. Those are two that  
 12 I'm aware of.  
 13 Q. Okay. Any others that you're  
 14 aware of?  
 15 A. No, I'm not.  
 16 Q. Sherman Originator -- I think you  
 17 said III, but I'm just going to refer to it  
 18 as Sherman Originator, if that's okay.  
 19 A. Right.  
 20 Q. Is that also an entity owned by  
 21 Sherman Financial Group?  
 22 A. I believe so, yes.  
 23 Q. Getting back to Credit One  
 24 itself, what sort of divisions is it divided  
 25

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 2 up into?  
 3 A. Like, I talked about our treasury  
 4 and finance department, so that's one of the  
 5 major departments. The risk management  
 6 department, operations, compliance and legal,  
 7 marketing, and information technology.  
 8 Q. I think you described treasury  
 9 and financial as being the one that handles  
 10 the sale of the receivable to MHC. Do they  
 11 also handle the sale of the debt to MHC?  
 12 A. In terms of the monetary  
 13 transaction piece of it, they do.  
 14 Q. In terms of the actual moving of  
 15 the debt from Credit One to MHC, do they  
 16 handle that?  
 17 A. The administration and processing  
 18 of that is handled by our operations unit.  
 19 Q. Do you have an understanding as  
 20 to why Credit One sells the charged-off debt  
 21 to MHC Receivables?  
 22 MR. SLODOV: Objection. Asked  
 23 and answered.  
 24 THE WITNESS: I'm sorry?  
 25 MR. SLODOV: You can answer. You

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 2 can answer.  
 3 THE WITNESS: It's a standard  
 4 practice for credit card issuers to sell  
 5 charged-off debt rather than trying to,  
 6 you know, continue to collect that debt  
 7 themselves.  
 8 BY MR. SHELLY:  
 9 Q. Do you have an understanding as  
 10 to why Credit One has chosen MHC to be the  
 11 entity that it sells its charged-off debts  
 12 to?  
 13 A. I'm not aware of any particular  
 14 reason why MHC was -- was chosen to -- to --  
 15 to purchase the debt, to be the debt buyer.  
 16 Q. Do you know who made that  
 17 decision?  
 18 A. I would assume it was the --  
 19 MR. SLODOV: Objection.  
 20 THE WITNESS: I would assume it  
 21 was the -- the president of the bank,  
 22 with the chief financial officer,  
 23 deciding, you know, who the -- who the  
 24 debt is sold to.  
 25 MR. SLODOV: Objection.

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 2 BY MR. SHELLY:  
 3 Q. Do you know how long Credit One  
 4 has been selling that debt -- that sort of  
 5 debt to MHC Receivables?  
 6 A. I believe it's been since 2009.  
 7 Q. And the person that you were  
 8 talking about before, George Hughes, he's the  
 9 person that is the CFO that would know about  
 10 why the bank sells this to MHC Receivables;  
 11 is that correct?  
 12 A. Yes.  
 13 Q. Prior to 2009, do you know who  
 14 Credit One sold its charged-off debt to?  
 15 A. I believe there were a variety of  
 16 buyers.  
 17 Q. Do you know who -- the names of  
 18 any of those?  
 19 A. I wouldn't know any of those  
 20 specific names.  
 21 Q. Do you know if any of those  
 22 buyers were in any way owned by Sherman  
 23 Financial Group at that time?  
 24 A. I do not know that.  
 25 Q. So as far as you know, the debt

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 2 may have been sold to non-Sherman entities  
 3 prior to 2009; is that correct?  
 4 A. That's my understanding, or  
 5 sometime prior to that.  
 6 Q. Are the debts -- the charged-off  
 7 debts, are they sold to MHC Receivables at  
 8 the moment they're charged off?  
 9 A. It's difficult to answer when you  
 10 say "at the moment." Right when the -- when  
 11 the account is charged off, there's a  
 12 process. Obviously it takes some time to --  
 13 you know, it's immediately after the  
 14 charge-off, but it may take a couple days for  
 15 the processing to take place from an  
 16 administrative standpoint.  
 17 Q. But individual accounts, as  
 18 they're charged off, they go through this  
 19 process, and then they're then sold to  
 20 MHC Receivables; correct?  
 21 A. Yes. There may be, you know, a  
 22 couple-week lag where maybe the sale takes  
 23 place once a month, and so an account would  
 24 charge off when the account cycles. So I  
 25 believe there's a -- like, there's a monthly



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<p>1 *** CONFIDENTIAL ***</p> <p>2 process. So all the accounts that charged</p> <p>3 off the previous month then would sell.</p> <p>4 So I don't believe that every</p> <p>5 account is sold every day that it charges</p> <p>6 off. Like, I believe that there's some kind</p> <p>7 of batch process where, you know, at the end</p> <p>8 of the month, those accounts are all sold.</p> <p>9 Q. Other than what you said, do you</p> <p>10 have any further understanding of that batch</p> <p>11 process?</p> <p>12 A. No, I do not.</p> <p>13 Q. If I understand, what you're</p> <p>14 saying is that there may be -- say for the</p> <p>15 month of December, throughout the month,</p> <p>16 there are certain accounts that become</p> <p>17 charged off.</p> <p>18 A. Uh-huh.</p> <p>19 Q. They're then held by Credit One</p> <p>20 until the end of the month, and at that time,</p> <p>21 there may be 50 or 100 charged-off accounts,</p> <p>22 and they, as a group, are then sold to</p> <p>23 MHC Receivables.</p> <p>24 A. Yes, that's my understanding of</p> <p>25 how that happens, just to facilitate the</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 procedures that dictate how the actual</p> <p>3 function through the system of the -- of</p> <p>4 that -- of the account transfer is executed,</p> <p>5 so just the administration of that.</p> <p>6 Q. So there are procedures that</p> <p>7 would describe the way that this team is to,</p> <p>8 first, charge off the account, then hold it</p> <p>9 until the batch is organized, and then at</p> <p>10 that point, sell it to MHC Receivables.</p> <p>11 A. Correct.</p> <p>12 Q. And in those procedures -- are</p> <p>13 they written down somewhere?</p> <p>14 A. I'm not -- I believe -- I believe</p> <p>15 they -- I believe they -- they would be.</p> <p>16 It's, you know, specific procedures to --</p> <p>17 just for the administration of the -- of the</p> <p>18 sale if there are different buyers which --</p> <p>19 or I'm sorry. I'm trying to describe this</p> <p>20 process as it relates to the systems in the</p> <p>21 bank.</p> <p>22 Q. Is all this done via a computer</p> <p>23 program?</p> <p>24 A. Yes, yes.</p> <p>25 Q. Okay. So the procedures that the</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 administrative process of doing that.</p> <p>3 Q. Who handles that actual -- that</p> <p>4 process? Is there a department or an</p> <p>5 individual that handles that?</p> <p>6 A. The financial transfer of the</p> <p>7 money or the administrative process of --</p> <p>8 Q. The administrative process.</p> <p>9 A. It would be our operations unit.</p> <p>10 Q. Anybody in particular there that</p> <p>11 handles that?</p> <p>12 A. There's a team of people who work</p> <p>13 on the administration of that process.</p> <p>14 Q. Okay. And does that team have a</p> <p>15 name?</p> <p>16 A. It's part of the collections</p> <p>17 group. So under operations at Credit One,</p> <p>18 there's customer service, and then there's a</p> <p>19 collections branch. So it's part of the</p> <p>20 collections department that's responsible for</p> <p>21 that part of the administration.</p> <p>22 Q. And this batch process that you</p> <p>23 described, are there documents describing how</p> <p>24 that process is to be carried out?</p> <p>25 A. I believe that there are</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 people are to follow, they have been</p> <p>3 implemented onto a computer program that</p> <p>4 handles this whole processing that you just</p> <p>5 described?</p> <p>6 A. Correct, correct, yes.</p> <p>7 Q. Do you know who created that</p> <p>8 procedure?</p> <p>9 A. I believe it would have been</p> <p>10 someone in the collections department that's</p> <p>11 responsible for that piece of the</p> <p>12 administration.</p> <p>13 Q. You don't know who, though?</p> <p>14 A. No, I do not.</p> <p>15 Q. Do you know when that procedure</p> <p>16 was created?</p> <p>17 A. It's probably been -- it</p> <p>18 probably -- I'm not aware of the time frame,</p> <p>19 but the sale of the charge-off, as we've</p> <p>20 discussed, occurred before the charged-off</p> <p>21 debt was sold to MHC Receivables, so prior to</p> <p>22 that.</p> <p>23 And, you know, prior, you know,</p> <p>24 we sold debt to various buyers. So the</p> <p>25 actual function, how this works in the</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 system, was, you know, designed, you know,</p> <p>3 probably prior to 2005.</p> <p>4 At whatever point the bank chose</p> <p>5 to sell its debt, then those procedures would</p> <p>6 have been created so that the teams working</p> <p>7 on that would understand how to execute that</p> <p>8 process through the computer system.</p> <p>9 Q. So your understanding is that</p> <p>10 this procedure that's followed has been</p> <p>11 consistent and the same throughout Credit</p> <p>12 One's history.</p> <p>13 A. That's my understanding.</p> <p>14 Q. There have been no changes to it</p> <p>15 that you're aware of?</p> <p>16 A. Not to -- unless something in the</p> <p>17 system changed in the systems that we manage</p> <p>18 that, you know, a file has to be called</p> <p>19 something different or -- you know, again,</p> <p>20 things related to the administration of how</p> <p>21 that -- how that works.</p> <p>22 Q. Okay.</p> <p>23 A. There might have been updates to</p> <p>24 our system that, you know, needed to be --</p> <p>25 needed to be clarified for the folks that are</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 originating new accounts, managing the risk</p> <p>3 of new account origination. There's a</p> <p>4 department that's responsible for portfolio</p> <p>5 management. Just the logical function areas</p> <p>6 underneath those larger departments.</p> <p>7 Q. What department makes the</p> <p>8 determination that an account will be charged</p> <p>9 off?</p> <p>10 A. A definition of a charged-off</p> <p>11 account is, you know, ultimately made through</p> <p>12 our compliance and legal department, because</p> <p>13 we follow the -- our regulator, the OCC's</p> <p>14 guideline on when an account can and should</p> <p>15 be charged off.</p> <p>16 Q. And do you always charge off an</p> <p>17 account when it can and should be according</p> <p>18 to the regulation you were talking about?</p> <p>19 A. Yes.</p> <p>20 Q. So compliance and legal makes the</p> <p>21 determination that an account should have</p> <p>22 been charged off, and then they notify</p> <p>23 operations to go through the process that you</p> <p>24 were describing?</p> <p>25 MR. SLODOV: Objection as to</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 actually administering that. You know, if</p> <p>3 part of the underlying system changed from a</p> <p>4 logistical standpoint, those procedures may</p> <p>5 have been updated over time just to reflect</p> <p>6 that system.</p> <p>7 Q. But you're not aware of any right</p> <p>8 now?</p> <p>9 A. No, I'm not.</p> <p>10 Q. And if there were updates, there</p> <p>11 would be some record of those procedures</p> <p>12 being changed and updated?</p> <p>13 A. It's my understanding that there</p> <p>14 would be.</p> <p>15 Q. Okay. You described operations</p> <p>16 as being broken up into two different</p> <p>17 departments. Are the other areas that you</p> <p>18 described broken into smaller departments as</p> <p>19 well? And I can go -- like, you mentioned</p> <p>20 treasury and financial, risk management. Do</p> <p>21 they have smaller departments underneath</p> <p>22 them?</p> <p>23 A. There are some departments</p> <p>24 under -- for example, risk management,</p> <p>25 there's a department responsible for</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 form.</p> <p>3 THE WITNESS: I'm sorry. I</p> <p>4 didn't hear what you said.</p> <p>5 MR. SLODOV: You can answer.</p> <p>6 THE WITNESS: So the</p> <p>7 responsibility of compliance and legal</p> <p>8 at the bank is to make sure that the</p> <p>9 bank complies with, you know,</p> <p>10 regulator's guidelines and with any</p> <p>11 other applicable, you know, laws,</p> <p>12 statutes. So generally, they're the</p> <p>13 ones, you know, creating the policy, and</p> <p>14 the operations units are responsible</p> <p>15 for, you know, following that policy.</p> <p>16 BY MR. SHELLY:</p> <p>17 Q. Okay. So compliance and legal</p> <p>18 created the policy to determine when an</p> <p>19 account should be charged off, and they let</p> <p>20 the operations unit know when -- through that</p> <p>21 policy --</p> <p>22 A. Right.</p> <p>23 Q. -- operations knows how to charge</p> <p>24 off an account; is that correct?</p> <p>25 MR. SLODOV: Objection.</p>

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<p style="text-align: right;">Page 46</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 know, the December, you know, bankruptcy</p> <p>3 charge-offs, you know, in the same kind of</p> <p>4 batch process as the contractual charge-offs,</p> <p>5 so it wouldn't be selling one account at a</p> <p>6 time.</p> <p>7 Q. And how does Credit One become</p> <p>8 aware of these bankruptcies?</p> <p>9 A. There are a couple of different</p> <p>10 ways that the bank may be informed of a</p> <p>11 bankruptcy. We may receive correspondence</p> <p>12 from a cardholder with documentation of the</p> <p>13 bankruptcy. We have a process with -- with</p> <p>14 Resurgent, where Resurgent is getting the</p> <p>15 feed from the -- from all the courts that</p> <p>16 automatically report bankruptcy, and they</p> <p>17 look at our account file on a nightly basis</p> <p>18 to see if there's a match to a bankruptcy on</p> <p>19 that file from the court.</p> <p>20 Q. And you just said "Resurgent."</p> <p>21 Can you tell me what Resurgent is.</p> <p>22 A. It's my understanding that --</p> <p>23 that the bank uses Resurgent to perform this</p> <p>24 function to notify the bank of a -- of a --</p> <p>25 of a bankruptcy.</p>	<p style="text-align: right;">Page 48</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 correctly, Resurgent -- they have access to</p> <p>3 your account files; correct?</p> <p>4 A. Correct.</p> <p>5 Q. They go through your account</p> <p>6 files and compare that to the feeds that it's</p> <p>7 getting from the bankruptcy courts to see if</p> <p>8 any of those accounts that you currently hold</p> <p>9 are in bankruptcy; is that correct?</p> <p>10 A. Correct.</p> <p>11 Q. Do you know where Resurgent is</p> <p>12 located?</p> <p>13 A. I believe at one point, they had</p> <p>14 offices in South Dakota. I'm not sure where.</p> <p>15 They may have multiple offices. I'm not</p> <p>16 aware of that.</p> <p>17 Q. Do you know if they do work for</p> <p>18 any of the other Sherman entities that you've</p> <p>19 mentioned, like MHC or FNBM or Sherman</p> <p>20 Originator?</p> <p>21 A. I'm not aware of that. I don't</p> <p>22 know much about it.</p> <p>23 Q. Where is MHC located?</p> <p>24 A. I believe it's in Charlotte, but</p> <p>25 I'm not a hundred percent sure.</p>
<p style="text-align: right;">Page 47</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Do you know if Resurgent is owned</p> <p>3 by Sherman Financial Group?</p> <p>4 A. I believe that it's at least</p> <p>5 partially owned by Sherman.</p> <p>6 Q. Okay.</p> <p>7 A. I'm not a hundred percent sure.</p> <p>8 Q. Are you aware of anyone other</p> <p>9 than Sherman that owns Resurgent?</p> <p>10 A. I am not -- I am not aware of</p> <p>11 that.</p> <p>12 Q. And what work does Resurgent do</p> <p>13 other than the work that you're talking about</p> <p>14 right now?</p> <p>15 MR. SLODOV: Objection.</p> <p>16 Relevance.</p> <p>17 THE WITNESS: I'm not aware of</p> <p>18 what other work that they do.</p> <p>19 BY MR. SHELLY:</p> <p>20 Q. Do they do any other work for</p> <p>21 Credit One other than this?</p> <p>22 A. I'm not aware that they do any</p> <p>23 other work besides this process for Credit</p> <p>24 One.</p> <p>25 Q. So every day, if I understand you</p>	<p style="text-align: right;">Page 49</p> <p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Do you know if MHC does any other</p> <p>3 business besides acquiring the receivables</p> <p>4 and debts from Credit One?</p> <p>5 MR. SLODOV: Objection. Asked</p> <p>6 and answered.</p> <p>7 THE WITNESS: I don't have any</p> <p>8 knowledge of that.</p> <p>9 BY MR. SHELLY:</p> <p>10 Q. How about FNBM? Do you know</p> <p>11 where they're located?</p> <p>12 MR. SLODOV: Objection. Asked</p> <p>13 and answered.</p> <p>14 THE WITNESS: I don't. I do not</p> <p>15 know.</p> <p>16 BY MR. SHELLY:</p> <p>17 Q. How about Sherman Originator? Do</p> <p>18 you know where they're located?</p> <p>19 A. I believe they're located in</p> <p>20 Charlotte.</p> <p>21 Q. Do you know if they're located at</p> <p>22 the same location as MHC?</p> <p>23 A. I do not know that.</p> <p>24 Q. Resurgent, on a daily basis,</p> <p>25 determines which of your accounts are in</p>

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 2 bankruptcy. They then notify your -- Credit  
 3 One that a given account is in bankruptcy,  
 4 and then Credit One puts that in some sort of  
 5 group that it waits to then sell; is that  
 6 correct?  
 7 A. Correct.  
 8 Q. Okay. And that process of  
 9 putting them into these groups, that's a  
 10 process that's done through the computer that  
 11 someone has set -- developed within Credit  
 12 One; correct?  
 13 A. Correct. Again, it's -- it's  
 14 processed through the systems that are  
 15 available from our processor, FDR.  
 16 Q. Right. But somebody at Credit  
 17 One had to set up the procedure to direct FDR  
 18 how to set that up.  
 19 A. Correct, correct.  
 20 Q. Who would have set up that  
 21 procedure?  
 22 A. Are you asking who physically  
 23 programs that, or are you asking who sets  
 24 that policy?  
 25 Q. The policy, yeah. Who

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 2 developed --  
 3 A. Again, it would be our compliance  
 4 and legal department that would decide how --  
 5 you know, how those -- how those functions  
 6 should be managed.  
 7 Q. Okay. And that process that  
 8 you've described has been going on for how  
 9 long?  
 10 A. I believe it's only -- you know,  
 11 it's been in the past, you know, maybe five  
 12 to six years that all of this was done on an  
 13 automated basis. I believe, you know, prior  
 14 to the automated, you know, process that's in  
 15 place now, there was a more manual process  
 16 to, you know, basically accomplish the  
 17 same -- the same objective.  
 18 Q. Okay.  
 19 A. I'm not aware of when -- when all  
 20 the courts got automated in their reporting  
 21 and this functionality, you know, became  
 22 available.  
 23 Q. And all that manual work, was  
 24 that all done within Credit One at that time?  
 25 A. I'm not aware -- I'm not aware of

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 2 that.  
 3 Q. Okay. Do you know if Resurgent  
 4 was involved in any way when it was done  
 5 manually?  
 6 A. I'm not -- I'm not -- I'm not  
 7 positive. I believe that they were, but I'm  
 8 not a hundred percent sure.  
 9 Q. The procedure that's in place,  
 10 once an account is designated as being  
 11 petitioned in bankruptcy and is put into this  
 12 group, is there any further monitoring of  
 13 that account while it's in that group waiting  
 14 to be sold?  
 15 MR. SLODOV: Objection.  
 16 Monitoring is the question?  
 17 MR. SHELLY: Yes.  
 18 THE WITNESS: I'm unclear what  
 19 you mean by -- by -- by "monitoring."  
 20 I --  
 21 BY MR. SHELLY:  
 22 Q. As an example, okay, December 1  
 23 rolls around. You become notified by  
 24 Resurgent that an account is in bankruptcy,  
 25 that there's a petition.

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 2 A. Uh-huh.  
 3 Q. You then put it into this group  
 4 to send on December 1. You hold it till the  
 5 end of December for the sale. In the middle  
 6 of the month, there's a discharge of the  
 7 debt. Is there something within your  
 8 procedure that would notify you at Credit One  
 9 that that discharge had occurred?  
 10 A. I believe that we would also  
 11 receive that information from -- from  
 12 Resurgent through the automated process.  
 13 Q. So Resurgent continues -- they're  
 14 the ones that continue to look at the  
 15 accounts, even the ones that are going to be  
 16 sold during this monthly period. They  
 17 continue to look at them throughout the  
 18 month.  
 19 A. It's my belief that that's what  
 20 happens.  
 21 Q. You're not sure, but you believe  
 22 that's the case.  
 23 A. Yes, yes.  
 24 Q. Who would know that? Who would I  
 25 go to to find out if that, in fact, actually

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<p>1 *** CONFIDENTIAL ***</p> <p>2 mean, what is a relationship manager? What</p> <p>3 did you do in that role?</p> <p>4 A. I -- you know, I facilitated</p> <p>5 communication between the credit bureau and</p> <p>6 the bank in terms of the bank's purchase of</p> <p>7 credit bureau data for credit prescreen, for</p> <p>8 a number of different -- different services</p> <p>9 that the bank purchased from -- from two of</p> <p>10 the credit bureaus.</p> <p>11 Q. And which two credit bureaus are</p> <p>12 those?</p> <p>13 A. Experian, Equifax.</p> <p>14 Q. But at that time, you weren't</p> <p>15 involved in the credit reporting at all; is</p> <p>16 that correct?</p> <p>17 A. Well, like I said, in 2010, I</p> <p>18 became -- you know, I became involved in</p> <p>19 the -- in the credit bureau reporting.</p> <p>20 Q. But prior to that when you just</p> <p>21 were the manager of the relationship, you</p> <p>22 weren't involved in the credit reporting.</p> <p>23 A. Correct, I was not.</p> <p>24 Q. Did you receive any -- any</p> <p>25 guidance or training or -- with respect to</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. And the computer data system that</p> <p>3 Credit One has, is it a singular data system,</p> <p>4 or are there several different data systems?</p> <p>5 A. There are several different data</p> <p>6 systems, depending on the function.</p> <p>7 Q. Could you tell me how it's broken</p> <p>8 up. Is it broken up, like, each department</p> <p>9 has their own data system? Or exactly how</p> <p>10 are they broken up, if you could describe</p> <p>11 that for me.</p> <p>12 A. Primarily it's two separate</p> <p>13 systems. There's a data warehouse that, you</p> <p>14 know, is the repository for -- you know, for</p> <p>15 the bank's data. I mentioned FDR, the</p> <p>16 processor, so there's an FDR system that</p> <p>17 retains, for example, the transaction</p> <p>18 information on the account. So those are the</p> <p>19 two primary data systems.</p> <p>20 Q. Are you aware of any other data</p> <p>21 systems other than those two?</p> <p>22 A. No, I'm not.</p> <p>23 Q. And Resurgent has access to both</p> <p>24 or just one of those systems?</p> <p>25 A. I believe that Resurgent sends</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 credit reporting when you took over that role</p> <p>3 in 2010?</p> <p>4 A. I read the CDIA's credit</p> <p>5 reporting manual and asked questions of the</p> <p>6 credit bureau when I didn't understand</p> <p>7 different -- you know, different aspects of</p> <p>8 that.</p> <p>9 Q. So if you needed guidance on how</p> <p>10 to report something with the credit bureaus,</p> <p>11 you sought guidance from the credit bureaus</p> <p>12 themselves; is that correct?</p> <p>13 A. Correct.</p> <p>14 MR. SHELLY: Why don't we take,</p> <p>15 like, a five-minute break.</p> <p>16 (A recess was taken from</p> <p>17 10:34 A.M. to 10:44 A.M.)</p> <p>18 BY MR. SHELLY:</p> <p>19 Q. Is there only one E-mail system</p> <p>20 utilized by Credit One?</p> <p>21 A. Correct.</p> <p>22 Q. Is there any other messaging</p> <p>23 system that's used within Credit One other</p> <p>24 than E-mails?</p> <p>25 A. Not that I'm aware of.</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 the bank the file on a nightly basis, and</p> <p>3 then our IT department matches that file up.</p> <p>4 So Resurgent, you know, sends the file.</p> <p>5 After they've gone through, you know, the BK</p> <p>6 filings or whatever for that day, they send</p> <p>7 it to the bank on a nightly basis, and then</p> <p>8 the bank matches that up to the -- to the</p> <p>9 cardholder file.</p> <p>10 Q. How does Resurgent know what</p> <p>11 names or accounts to check on bankruptcy if</p> <p>12 it doesn't have daily updates of your</p> <p>13 accounts?</p> <p>14 A. I believe what they're looking</p> <p>15 for in the filing is looking for the Credit</p> <p>16 One name as a tradeline or in the -- in the</p> <p>17 bankruptcy report. They search that file</p> <p>18 based on identifying Credit One Bank, and</p> <p>19 that's how they identify.</p> <p>20 Q. You say you believe this. You</p> <p>21 don't know this to be true, but you believe</p> <p>22 that to be true; is that correct?</p> <p>23 A. That's my understanding of how it</p> <p>24 works.</p> <p>25 Q. Who would I talk to to find out</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 if that is how it works?</p> <p>3 A. It would be someone in the</p> <p>4 operations department.</p> <p>5 Q. Anyone in particular?</p> <p>6 A. No one in particular.</p> <p>7 Q. Who heads that department?</p> <p>8 A. It's Matt Krall, who is the COO.</p> <p>9 Q. So he would be the person to go</p> <p>10 to initially to find out if that's how that</p> <p>11 process occurs.</p> <p>12 A. Correct.</p> <p>13 Q. What are Credit One's policies</p> <p>14 and practices relating to the retention,</p> <p>15 storage, and deletion of documents and data,</p> <p>16 both your databases and your E-mails?</p> <p>17 A. Our compliance and IT department</p> <p>18 maintain a data retention policy on, you</p> <p>19 know, different types of data that have</p> <p>20 different requirements for, you know,</p> <p>21 retaining different data over certain time</p> <p>22 periods. There's different categories of</p> <p>23 data, so there's a policy that outlines what</p> <p>24 the data retention policy is for each one of</p> <p>25 those categories of data.</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 identification of departments and</p> <p>3 individuals within Credit One Bank</p> <p>4 involved with or responsible for</p> <p>5 creating, implementing, or updating</p> <p>6 documents or information related to</p> <p>7 policies -- I'm sorry.</p> <p>8 MR. SHELLY: Just to correct you,</p> <p>9 I'm referring, actually, to paragraph 7</p> <p>10 topic 7.</p> <p>11 MR. SLODOV: Topic 7?</p> <p>12 MR. SHELLY: Yes.</p> <p>13 MR. SLODOV: All right. Again,</p> <p>14 my objection is that it fails to specify</p> <p>15 with reasonable clarity what the scope</p> <p>16 of the examination is you're --</p> <p>17 BY MR. SHELLY:</p> <p>18 Q. Okay. And you've just testified</p> <p>19 as to the policies and practices that you</p> <p>20 know exist. You just don't know the time</p> <p>21 periods; is that correct?</p> <p>22 A. Correct.</p> <p>23 Q. Do you know who -- who is the</p> <p>24 person responsible for carrying out those</p> <p>25 retention and deletion practices?</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Do you know what those time</p> <p>3 periods are?</p> <p>4 MR. SLODOV: Objection.</p> <p>5 Relevance.</p> <p>6 THE WITNESS: I do not know</p> <p>7 specifically. I know that based on</p> <p>8 different -- different regulations, some</p> <p>9 data is required to be kept for a</p> <p>10 certain amount of time versus -- versus</p> <p>11 other data, so that -- that is what</p> <p>12 would be outlined in that policy.</p> <p>13 BY MR. SHELLY:</p> <p>14 Q. You're aware that you were</p> <p>15 designated to testify on those policies and</p> <p>16 practices here today?</p> <p>17 MR. SLODOV: I'll note for the</p> <p>18 record -- I'll note for the record that</p> <p>19 we served objections to the notice of</p> <p>20 deposition and specifically objected to</p> <p>21 the lack of reasonable specificity as to</p> <p>22 the subject matters for examination.</p> <p>23 And the particular topic that, I</p> <p>24 believe, Counsel is referring to is</p> <p>25 paragraph 3E which refers to the</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 A. It's our information technology</p> <p>3 department that would be responsible for</p> <p>4 actually, you know, purging data according to</p> <p>5 what the policy is.</p> <p>6 Q. Do you know who created those</p> <p>7 policies and practices?</p> <p>8 A. I believe that the policy was</p> <p>9 created as a joint effort between our IT</p> <p>10 department and our compliance and legal</p> <p>11 staff.</p> <p>12 Q. Anybody in particular you're</p> <p>13 aware of that was involved in that?</p> <p>14 A. No one specifically.</p> <p>15 Q. Do you know when those policies</p> <p>16 and practices were put in place?</p> <p>17 A. I believe in -- I believe in,</p> <p>18 like, 2005, 2007 was when, you know, the</p> <p>19 initial -- the initial policies were</p> <p>20 documented.</p> <p>21 Q. Do you know if they've been</p> <p>22 altered since then?</p> <p>23 A. Yes, I believe they've been</p> <p>24 altered since then.</p> <p>25 Q. When?</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 A. I believe they've been altered,</p> <p>3 you know, a number of different times, again,</p> <p>4 based on change of -- of business need and</p> <p>5 maybe clarification of how long, you know,</p> <p>6 specific data is -- is required to be kept.</p> <p>7 Q. Do you know any specific reasons</p> <p>8 why it was altered?</p> <p>9 A. No, I do not.</p> <p>10 Q. And do you know who made the</p> <p>11 decision to alter them?</p> <p>12 A. It, again, would have been a</p> <p>13 collaboration between our information</p> <p>14 technology department and our compliance and</p> <p>15 legal department.</p> <p>16 MR. SLODOV: Is there a specific</p> <p>17 question you have about policies and</p> <p>18 procedures for retention?</p> <p>19 MR. SHELLY: Well, I'd like to</p> <p>20 know --</p> <p>21 MR. SLODOV: Other than data,</p> <p>22 generally.</p> <p>23 MR. SHELLY: The question, I</p> <p>24 think, is how long do they keep their</p> <p>25 E-mails, how long do they keep their</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 policy. I believe there's communication</p> <p>3 between our legal department and our IT</p> <p>4 department to indicate we are under a</p> <p>5 litigation hold. You know, cease any, you</p> <p>6 know, scheduled purge of data.</p> <p>7 Q. Okay. So there isn't in place</p> <p>8 already a policy or procedure concerning</p> <p>9 discovery in litigation in a general sense.</p> <p>10 It's done on a case-by-case basis; is that</p> <p>11 correct?</p> <p>12 A. Correct. That's my</p> <p>13 understanding.</p> <p>14 Q. Okay. Are you aware of any</p> <p>15 actual or threatened lawsuits, arbitrations</p> <p>16 or demands, or any polling agreements,</p> <p>17 settlements, or resolutions of such lawsuits,</p> <p>18 arbitrations, or demands between Credit One</p> <p>19 and any party related to consumer debt</p> <p>20 discharge?</p> <p>21 A. I'm --</p> <p>22 MR. SLODOV: Objection as to</p> <p>23 relevance as to prior acts trying to</p> <p>24 prove action nonconforming.</p> <p>25 But if you're aware, you can</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 data. She can't tell me that.</p> <p>3 BY MR. SHELLY:</p> <p>4 Q. Can you?</p> <p>5 A. Not specifically, no.</p> <p>6 Q. Can you describe for me the</p> <p>7 procedures that Credit One has concerning</p> <p>8 discovery or discovery obligations generally</p> <p>9 in litigation?</p> <p>10 A. Can you -- can you clarify?</p> <p>11 Q. Well, in this case, is there a</p> <p>12 hold on documents or E-mails relating to the</p> <p>13 issues in this case?</p> <p>14 A. In this specific case?</p> <p>15 Q. Yes.</p> <p>16 A. I believe that there is, yes.</p> <p>17 Q. And does that document hold cover</p> <p>18 all of Credit One or just a certain</p> <p>19 department?</p> <p>20 A. It would cover all of Credit One.</p> <p>21 Q. Does Credit One have</p> <p>22 procedures -- policies and procedures related</p> <p>23 to document holds in litigation, a general</p> <p>24 policy and procedure as to that?</p> <p>25 A. I don't believe there's a written</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 answer.</p> <p>3 THE WITNESS: I'm only aware of</p> <p>4 the discussion that we had as part of</p> <p>5 the deposition prep that other things of</p> <p>6 this nature had come out of your office.</p> <p>7 BY MR. SHELLY:</p> <p>8 Q. Well, what are you referring to,</p> <p>9 "other things of this nature"?</p> <p>10 MR. SLODOV: I'll instruct the</p> <p>11 witness not to answer questions</p> <p>12 concerning conversations with counsel.</p> <p>13 THE WITNESS: Okay.</p> <p>14 MR. SLODOV: To the extent that</p> <p>15 you're aware of other information,</p> <p>16 you're free to answer.</p> <p>17 BY MR. SHELLY:</p> <p>18 Q. So other than conversations you</p> <p>19 had with counsel, are you aware of any -- I</p> <p>20 won't go through that litany again, but any</p> <p>21 lawsuits against Credit One having to do with</p> <p>22 consumer debt discharge?</p> <p>23 A. No, I'm not.</p> <p>24 Q. This is the only lawsuit you're</p> <p>25 aware of.</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Is CDIA a trade organization?</p> <p>3 A. That's my understanding, yes.</p> <p>4 Q. Do you know if Credit One is a</p> <p>5 member of CDIA?</p> <p>6 A. I don't believe that we are.</p> <p>7 Q. Do you have any idea why you're</p> <p>8 not?</p> <p>9 A. I believe that the CDIA limits</p> <p>10 membership, so it's my understanding that</p> <p>11 we're not eligible to be a member.</p> <p>12 Q. Why did you feel it was important</p> <p>13 to look at the Metro 2011 and 2015 in</p> <p>14 preparation for today's deposition?</p> <p>15 A. Well, the 2011 was included in</p> <p>16 the discovery, and as part of my job function</p> <p>17 I had, prior to this, downloaded the updated</p> <p>18 copy. So I wanted to see if there were any</p> <p>19 changes in the -- in that.</p> <p>20 Q. Okay. So it had nothing to do</p> <p>21 with the procedures set forth in there that</p> <p>22 you thought would be at issue in this</p> <p>23 deposition. It's simply because that</p> <p>24 document had been produced in discovery, you</p> <p>25 thought you should review it in preparation</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 A. Correct.</p> <p>3 Q. You're in charge of it. Okay.</p> <p>4 You follow the CDIA. You follow the credit</p> <p>5 FCRA, the FDCA. Anything else that you look</p> <p>6 to for guidance in reporting to those credit</p> <p>7 bureaus?</p> <p>8 A. As I mentioned before, if I have</p> <p>9 questions, I reach out to our credit bureau</p> <p>10 partners to, you know, ask them about</p> <p>11 different -- you know, different questions</p> <p>12 that I might have.</p> <p>13 Q. Are there any practices or</p> <p>14 procedures set up at Credit One for the</p> <p>15 reporting that you do to the bureaus?</p> <p>16 MR. SLODOV: Objection as to</p> <p>17 form.</p> <p>18 THE WITNESS: Not -- not</p> <p>19 specifically, other than the fact that</p> <p>20 we are in compliance with FCRA and any</p> <p>21 other applicable law that relates to</p> <p>22 bureau reporting.</p> <p>23 BY MR. SHELLY:</p> <p>24 Q. How do you actually do the</p> <p>25 reporting that you do to the credit bureaus?</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 for today; is that correct?</p> <p>3 A. Correct.</p> <p>4 Q. Are there any other industry</p> <p>5 standards similar to the CDIA guidelines that</p> <p>6 Credit One follows?</p> <p>7 A. Not other industry standards.</p> <p>8 Q. Okay. What laws does Credit One</p> <p>9 follow in reporting to the credit bureaus?</p> <p>10 A. Well, the Fair Credit Reporting</p> <p>11 Act --</p> <p>12 Q. Okay. Any others?</p> <p>13 A. -- primarily.</p> <p>14 I believe the Fair Debt</p> <p>15 Collection Act also -- also has provisions</p> <p>16 for -- for credit bureau reporting. I'm most</p> <p>17 familiar with -- with our obligations under</p> <p>18 FCRA.</p> <p>19 Q. Any others?</p> <p>20 A. Not that I am aware of that</p> <p>21 relate specifically to credit bureau</p> <p>22 reporting.</p> <p>23 Q. So you're the person at Credit</p> <p>24 One now that handles credit reporting; is</p> <p>25 that correct?</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 How is that implemented?</p> <p>3 A. So our -- again, our -- the</p> <p>4 bank's processor, FDR, has a process where,</p> <p>5 you know, FDR is the -- you know, basically</p> <p>6 the -- the file of record for the account</p> <p>7 performance. So FDR has a process where</p> <p>8 it -- as an account cycles, it will push that</p> <p>9 information to each one of the CRAs. So it</p> <p>10 will push the -- the information that's</p> <p>11 required as part of the Metro reporting</p> <p>12 package. It will push all that data to the</p> <p>13 CRAs when the account cycles.</p> <p>14 Q. That process that FDR follows,</p> <p>15 was that set up by FDR, or was that set up by</p> <p>16 Credit One?</p> <p>17 A. It was set up by -- by FDR.</p> <p>18 Q. Okay. So you just give raw data</p> <p>19 to FDR, and they make the determination what</p> <p>20 to report to the credit bureaus; is that</p> <p>21 correct?</p> <p>22 A. Yes, based on -- based on those</p> <p>23 industry guidelines.</p> <p>24 Q. How do you know that they're</p> <p>25 following the industry guidelines?</p>



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<p>1 *** CONFIDENTIAL ***</p> <p>2 A. No. They're managed through the</p> <p>3 operations units.</p> <p>4 Q. Do you have people underneath you</p> <p>5 in terms of this credit reporting that you</p> <p>6 do, the function?</p> <p>7 A. I have a couple -- a couple</p> <p>8 analysts who have assisted me over -- over</p> <p>9 time. I don't have a designated person right</p> <p>10 now.</p> <p>11 Q. This e-OSCAR system, do you ever</p> <p>12 report back to the credit bureaus on the</p> <p>13 debts that have been sold to third parties</p> <p>14 who those third parties are?</p> <p>15 A. As part of our -- as part of our</p> <p>16 bureau reporting, we report -- there's a</p> <p>17 segment in the -- in the Metro guideline, the</p> <p>18 K2 segment, that gives the bank the</p> <p>19 opportunity to say who -- who the purchaser</p> <p>20 of the debt was so that then the consumer,</p> <p>21 you know, can look at it on their credit</p> <p>22 report. And it says sold to Midland Funding,</p> <p>23 for example. So there's a provision, you</p> <p>24 know, as part of the guidelines of the</p> <p>25 reporting. There's a space -- there's a</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. You said the K2 section. What's</p> <p>3 K2?</p> <p>4 A. It's just a segment of the -- and</p> <p>5 again, the Metro guideline is -- you know, is</p> <p>6 the guideline for reporting, you know.</p> <p>7 There's a data file that goes out with, you</p> <p>8 know, different account information, you</p> <p>9 know, the balance, the open date. There's</p> <p>10 also what they refer to as appendages, so</p> <p>11 additional data fields that further describe</p> <p>12 the account status as we're reporting it. So</p> <p>13 K2 is just the name of one of those</p> <p>14 appendages where the information goes to say,</p> <p>15 you know, this is -- this is the actual text</p> <p>16 of who we sold the debt to.</p> <p>17 Q. Does Credit One ever receive</p> <p>18 communications directly from the U.S.</p> <p>19 Bankruptcy Court?</p> <p>20 A. I don't believe that we do.</p> <p>21 Q. Other than the two credit bureaus</p> <p>22 that you mentioned before, does Credit One</p> <p>23 utilize the services of any other credit</p> <p>24 reporting agency?</p> <p>25 A. We report to Experian, Equifax,</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 segment for the bank to populate who the debt</p> <p>3 is being purchased by.</p> <p>4 Q. You said it gives the bank the</p> <p>5 opportunity to do that. Is the bank required</p> <p>6 or obligated to do so under the CDIA</p> <p>7 guidelines?</p> <p>8 A. It's the best practice to do</p> <p>9 that. That's my understanding, that it's the</p> <p>10 best practice. And at the time that we --</p> <p>11 you know, so also in 2014, you know, we</p> <p>12 implemented -- we implemented that.</p> <p>13 Q. Okay.</p> <p>14 A. Prior to that, we had just</p> <p>15 indicated that it was sold to another lender</p> <p>16 in the reporting, but we didn't populate</p> <p>17 the -- you know, who the actual buyer of the</p> <p>18 debt was. So we did make that change in</p> <p>19 2014.</p> <p>20 Q. How far back prior to 2014 did</p> <p>21 you report that the debt was sold, though?</p> <p>22 A. We always reported that the debt</p> <p>23 was sold to another lender. There's a</p> <p>24 specific code in the reporting that it can be</p> <p>25 statused as sold to another lender.</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 and Transunion. We only purchase data or</p> <p>3 engage in other services with Experian and</p> <p>4 Equifax. So we report to all three of them.</p> <p>5 Q. Other than the scenario that you</p> <p>6 described for me where there may be fraud,</p> <p>7 are there other instances where Credit One</p> <p>8 deletes consumer debts from credit reports?</p> <p>9 A. I believe only if it's -- only if</p> <p>10 we don't feel that we could make a reasonable</p> <p>11 investigation of the consumer's dispute.</p> <p>12 Q. Has Credit One had any</p> <p>13 communications with these third-party buyers</p> <p>14 regarding either Credit One's practice or the</p> <p>15 third-party buyer's practice of reporting</p> <p>16 bankruptcy discharges to credit reporting</p> <p>17 agencies?</p> <p>18 A. I believe that we had some</p> <p>19 communication to try to understand if there</p> <p>20 was any further obligation outside of what we</p> <p>21 were already doing by reporting the account</p> <p>22 accurately at the time that we sold the -- at</p> <p>23 the time that we sold the account.</p> <p>24 Q. Was there a particular reason why</p> <p>25 you had some doubt as to whether or not there</p>

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2 might be another obligation, an additional  
3 obligation?

4 A. Well, I think in reaction to --  
5 and I believe it's JP Morgan and Citi's, you  
6 know, decision to perhaps delete their  
7 bankruptcy tradeline. It's a topic that has,  
8 you know, been in the news.

9 Q. And can you tell me the nature of  
10 those communications that you had.

11 A. I believe there were  
12 conversations or E-mails basically, you know,  
13 trying to -- trying to understand, you know,  
14 what this decision by two major issuers that,  
15 you know, would mean for -- you know, what  
16 the bank should -- should -- should -- you  
17 know, if the bank should change what we  
18 already feel is -- is an accurate reporting  
19 of that account.

20 Q. And did those communications help  
21 the bank make a decision whether or not to  
22 make that change?

23 A. I believe that they did, because  
24 I believe as part of that communication, we  
25 also communicated with -- with our regulator

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2 on the topic as well. You know, as part of  
3 the general discussion, you know, do we need  
4 to change what we're doing?

5 And I know we did reach out to  
6 our regulator for opinion on that. You know,  
7 I believe the opinion that we got back was as  
8 long as the account is accurately reporting  
9 at the time that it sold, that we didn't have  
10 any other obligation to update that tradeline  
11 after the sale.

12 Q. And have you made any changes in  
13 terms of updating?

14 A. No, we did not.

15 Q. Okay. So the information you  
16 received from the credit reporting agencies  
17 and the information you received from your  
18 regulator were the bases for your decision  
19 not to make any change in that regard; is  
20 that correct?

21 MR. SLODOV: Objection.  
22 Mischaracterizes testimony.

23 THE WITNESS: Based on those  
24 conversations and the opinion of our  
25 regulator, we did not feel at this time

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2 that it necessitated any change to how  
3 our tradelines were currently reported.

4 BY MR. SHELLY:

5 Q. My question was, though, the  
6 conversations that you had with the credit  
7 reporting agencies and the information you  
8 got from the regulator, they were used to  
9 make that decision, is what you're saying.

10 Was there anything that Credit  
11 One did internally to determine whether or  
12 not they should make any changes?

13 A. I mean, outside of just general  
14 conversation on the topic, understanding that  
15 we, you know, are relying on accurate credit  
16 information to originate new accounts and  
17 evaluate the -- evaluate our risk of opening  
18 a new account to a consumer, you know,  
19 changing -- you know, deleting BK tradelines,  
20 doing some of these different things, you  
21 know, we're trying to understand how that  
22 might impact our ability not only --

23 You know, obviously, you know, we  
24 follow FCRA. We're committed to accurately  
25 reporting. We also understand that the whole

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2 credit bureau reporting system is something  
3 that we're using, as a lender, to make a  
4 decision about a consumer. So the  
5 conversation about, okay, you know, if  
6 tradelines get deleted off the credit record,  
7 how can we accurately assess the risk of the  
8 consumer?

9 Q. Who at Credit One made the  
10 ultimate decision not to delete bankruptcy  
11 tradelines similar to JP Morgan and Citi?

12 A. Ultimately, it would be our  
13 president and CEO.

14 Q. And that's whom?

15 A. Robert Dejong.

16 Q. So he had -- as -- the  
17 information he had in making that decision,  
18 came from the credit bureaus, the regulator,  
19 and there was some internal discussions at  
20 Credit One about that topic.

21 A. Correct.

22 Q. Who was involved in those  
23 internal discussions at Credit One?

24 A. Myself, our previous counsel,  
25 inside counsel. That was primarily -- to my

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2 remembrance, that was primarily either the

3 people talking -- talking about this as it

4 specifically related to Credit One's

5 practice.

6 Q. So the internal discussions were

7 between yourself, Mr. Dejong, and in-house

8 counsel.

9 A. Correct.

10 Q. Do you recall any of those

11 discussions with Mr. Dejong taking place

12 without counsel being present?

13 A. I don't -- I don't recall.

14 Q. Do you recall that all of your

15 discussions with Mr. Dejong occurred with

16 counsel present?

17 A. I believe that they did.

18 Q. And they were all verbal

19 communications? None were E-mails?

20 A. There were some -- there was some

21 E-mail as it specifically related to our

22 regulator's opinion on -- on what we should

23 do. I think that's part of the discovery.

24 Q. But anything in the E-mails

25 that -- where either you or Mr. Dejong are

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2 discussing your views on whether or not you

3 should do this?

4 A. No, I don't believe that was

5 in -- there was any E-mail correspondence on

6 it.

7 Q. Was there any telephone

8 conversations between yourself and Mr. Dejong

9 about that?

10 A. I don't believe there were any

11 telephone conversations. I, you know,

12 remember just speaking with him directly.

13 Q. Do you know when he made this

14 decision not to make that change?

15 A. I believe it's not that the bank

16 decided not to make the change; that we're

17 just trying to understand what we're

18 obligated to do. We believe that we're

19 reporting accurately at the time that we sell

20 the account.

21 Obviously, this other, you know,

22 decision by two other issuers -- you know,

23 we -- we talked about that, but you know, we

24 still feel like -- we still feel that we're,

25 you know, following FCRA. We're accurately

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2 reporting the account at the time of sale, so

3 we didn't -- you know, at that point, we

4 didn't feel that we needed to -- to change

5 what we were doing.

6 Q. So it's Credit One's position

7 that Citi and JP Morgan are, in fact, doing

8 more than they're obligated to do?

9 A. In my personal opinion, yes.

10 Q. What recommendations did you give

11 Mr. Dejong with respect to this issue?

12 MR. SLODOV: With respect to the

13 communications, if counsel was present

14 during those communications, I'll

15 instruct you not to answer.

16 THE WITNESS: I believe counsel

17 was present when we had the

18 conversations.

19 BY MR. SHELLY:

20 Q. As you sit here right now, what

21 are your thoughts as to whether or not Credit

22 One should make that change?

23 MR. SLODOV: You can answer.

24 THE WITNESS: I mean, my -- in my

25 personal opinion, I believe that we

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2 should not make the change. I believe

3 that the account is accurately reported

4 at the time that we sold the account.

5 So once we sell the account, it's a

6 final status, and so that -- plus, you

7 know, by reporting accurately when we

8 sell the account and ensuring that that

9 account is reported accurately, our

10 obligation to further update that

11 account does not exist.

12 BY MR. SHELLY:

13 Q. It's your view that there's no

14 obligation to make that change; correct?

15 A. Correct.

16 Q. Do you think there could be any

17 benefit to the consumer if Credit One were to

18 make that change?

19 MR. SLODOV: Objection. Calling

20 for speculation.

21 You can answer if you know.

22 THE WITNESS: I mean, in my

23 personal opinion, I don't believe that

24 they will -- there will be a long-term

25 benefit to the consumer. You would have

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 2 account is the one that has not been  
 3 produced in this case.  
 4 MR. SLODOV: So if you want a  
 5 copy of the policy statement that was in  
 6 effect in 2012 when his account was  
 7 sold, say so. We'll get it for you.  
 8 MR. SHELLY: Well, we did say so  
 9 in the first request, and that's why you  
 10 gave us these policy manuals from 2015  
 11 and '14. My question is, why didn't we  
 12 get the ones in response to that first  
 13 request when we asked for them?  
 14 MR. SLODOV: This is news to me.  
 15 I'm sorry. I didn't know that you were  
 16 looking for something else so --  
 17 MR. SHELLY: Why did you think we  
 18 wanted these two manuals?  
 19 MR. SLODOV: These are the  
 20 manuals that the bank has.  
 21 MR. SHELLY: But they also have  
 22 the earlier manuals.  
 23 MR. SLODOV: Well, that's not  
 24 been established by the evidence, has  
 25 it?

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 MR. SHELLY: Well, the evidence  
 3 established that she doesn't know what  
 4 documents exist at Credit One other than  
 5 what sits in the redwells that you  
 6 produced to me. She believes that they  
 7 exist based upon her almost -- well,  
 8 15 years at the bank. I don't know if  
 9 she started before then. She's seen  
 10 them over and over again. She expects  
 11 them to exist somewhere.  
 12 MR. SLODOV: No. She said that  
 13 they were in place throughout her tenure  
 14 at the bank. She doesn't say -- she  
 15 didn't testify that they have prior  
 16 copies laying around somewhere.  
 17 BY MR. SHELLY:  
 18 Q. Do you expect that there are  
 19 prior copies of these? I think you did  
 20 testify, actually, and I'll go back and find  
 21 it if we really need to do that. I stated  
 22 before:  
 23 "Do you know if Credit One  
 24 maintains copies of the prior  
 25 versions of these documents?"

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 And you stated:  
 3 "I believe that they do,  
 4 because through our compliance  
 5 department, I believe that  
 6 they would keep prior  
 7 versions."  
 8 Was that a true statement that  
 9 you made at that time?  
 10 A. Yes.  
 11 Q. Okay. That's fine.  
 12 The third document there, can you  
 13 tell me what that is.  
 14 A. This is the 2011 --  
 15 Q. It's Exhibit 7.  
 16 A. 7, the 2011 Credit Reporting  
 17 Resource Guide.  
 18 Q. Okay. What is that exactly?  
 19 A. So this is the guideline for  
 20 credit reporting that's created by the CDIA,  
 21 Consumer Data Industry Association.  
 22 Q. And how do you use this? How  
 23 does Credit One use this document?  
 24 A. We use this to ensure that our  
 25 credit reporting is accurate.

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 Q. And is this the document that you  
 3 were relying on when you said that there's no  
 4 obligation to delete the credit report of an  
 5 account that has been charged off and sold to  
 6 a third party?  
 7 A. Correct.  
 8 Q. Is there a more recent version of  
 9 this, or is the 2011 the latest version of  
 10 this?  
 11 A. Yes. I previously said that I  
 12 had reviewed the 2015 version of that.  
 13 Q. You did. I apologize. Thanks.  
 14 Okay.  
 15 Is there anything specific in  
 16 this reporting guide -- strike that. That's  
 17 fine.  
 18 Other than these manuals and  
 19 resource guides, are there any other manuals  
 20 or guides or aids that Credit One uses to  
 21 determine the proper reporting of -- on  
 22 someone's credit report?  
 23 A. As I've stated before, if I have  
 24 a question about this, I reach out to our  
 25 credit bureau contacts to ask their opinion.

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 MR. SLODOV: To you.  
 3 MR. SHELLY: Okay. I believe, in  
 4 fact, there are three versions of that  
 5 letter in here, in the document.  
 6 BY MR. SHELLY:  
 7 Q. Could you look at the page he's  
 8 referring to, about halfway through the  
 9 document, 1756. And could you confirm for me  
 10 that that, in fact, is the attachment  
 11 referenced on the first page?  
 12 MR. SLODOV: They're out of  
 13 sequence.  
 14 BY MR. SHELLY:  
 15 Q. Well, they're in the exact  
 16 sequence that they were produced originally,  
 17 with the redactions.  
 18 MR. SLODOV: It's after page  
 19 2268.  
 20 THE WITNESS: Okay. I must have  
 21 a different copy because I --  
 22 MR. SHELLY: Let's switch. I  
 23 don't know why that would be missing.  
 24 That doesn't make any sense. I  
 25 apologize for that. I don't know how

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 that happened.  
 3 BY MR. SHELLY:  
 4 Q. So if you could just take a look  
 5 at that page that your attorney had  
 6 mentioned, 1756. Is that the attachment  
 7 referenced on the first page, if you know?  
 8 MR. SLODOV: Just for  
 9 clarification, there are three letters,  
 10 1756, 7, and 8.  
 11 MR. SHELLY: Right.  
 12 MR. SLODOV: Three versions of  
 13 the same letter, I believe.  
 14 THE WITNESS: And you're talking  
 15 about this page?  
 16 MR. SHELLY: Correct. For the  
 17 record, the deponent pointed to the top  
 18 of page 1, the attachment line.  
 19 THE WITNESS: Yes. To my  
 20 knowledge, these are the attachments  
 21 that are referenced in the E-mail.  
 22 BY MR. SHELLY:  
 23 Q. So they're just out of sequence  
 24 in the way they were originally produced to  
 25 the plaintiff. They would have been attached

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 to that first E-mail -- or why don't you look  
 3 at that. Is everything before that just one  
 4 long E-mail chain?  
 5 A. I'm sorry. Was that a question?  
 6 Are you asking if everything before this was  
 7 just a long E-mail chain?  
 8 Q. Yeah. If you know.  
 9 A. I believe so. I don't see any  
 10 other references to attachments on any of the  
 11 other exchanges.  
 12 Q. Okay. Great. At the top of the  
 13 first page there, it says, "I left COB off  
 14 this E-mail." Who is COB?  
 15 A. It's an abbreviation for Credit  
 16 One Bank.  
 17 Q. How is it that Credit One Bank  
 18 produced an E-mail that it didn't receive?  
 19 MR. SLODOV: I'll represent for  
 20 the record that I got this E-mail from  
 21 one of the individuals on the E-mail  
 22 chain.  
 23 MR. SHELLY: Which E-mail? Which  
 24 person?  
 25 MR. SLODOV: It was Jon Mazzoli.

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 MR. SHELLY: And who does he work  
 3 for?  
 4 MR. SLODOV: I believe he's with  
 5 Sherman.  
 6 MR. SHELLY: Which Sherman?  
 7 MR. SLODOV: That is a good  
 8 question.  
 9 MR. SHELLY: Okay.  
 10 MR. SLODOV: There are different  
 11 iterations of the Sherman name, but his  
 12 specific job title is -- I'm not  
 13 entirely sure. I do see that one of the  
 14 E-mails refers to him as director of  
 15 Sherman Capital Markets, LLC.  
 16 MR. SHELLY: So when the 1700  
 17 series was produced to plaintiff, you  
 18 were producing to plaintiff a document  
 19 you had received from a nonparty to this  
 20 action; is that correct?  
 21 MR. SLODOV: I'm going to waffle  
 22 on that.  
 23 MR. SHELLY: Okay.  
 24 MR. SLODOV: Because I have to go  
 25 back and actually follow and make sure

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 that this specific E-mail came from  
 3 them, 'cause I'm not entirely sure.  
 4 MR. SHELLY: Okay. And I realize  
 5 you're not the deponent, but since  
 6 you're making the representation that  
 7 you got it from somebody else, did they  
 8 redact the document that we originally  
 9 received, or did you redact that?  
 10 MR. SLODOV: I did.  
 11 MR. SHELLY: Okay.  
 12 BY MR. SHELLY:  
 13 Q. So Mr. Umstetter is the person  
 14 that works at Sherman. Do you know any of  
 15 the other people in that To line there? I'm  
 16 asking you. I'm sorry.  
 17 A. I believe that Jon Mazzoli and  
 18 Dan Picciano are employed in some -- you  
 19 know, in some capacity by Sherman. I know  
 20 that Scott Silver is -- is one of the  
 21 counsels for Sherman. Again, I don't know  
 22 which specific entities.  
 23 Q. Okay. At the top there it says,  
 24 "I left COB" -- which you said is Credit One  
 25 Bank -- "off this E-mail. Here's another

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 Q. Do you know how long they've been  
 3 sending them out?  
 4 A. I believe since the end of last  
 5 year.  
 6 Q. So since the end of 2015 until  
 7 now, they've been sending out these goodbye  
 8 letters.  
 9 A. I believe that's correct, yes.  
 10 Q. Prior to that, had they ever sent  
 11 out anything similar to these goodbye  
 12 letters?  
 13 A. It's my understanding that there  
 14 was a more generic letter that went out, but  
 15 that did not have, you know, some of the, you  
 16 know, more specific information for the  
 17 buyer.  
 18 It's my understanding that a  
 19 letter was sent out saying that your debt was  
 20 sold but not saying exactly who the -- who  
 21 the specific buyer was. But I'm not -- I  
 22 believe that to be true, but I'm not a  
 23 hundred percent sure.  
 24 Q. Somebody at Credit One would  
 25 know, though?

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 thought," and there's a colon. I don't see  
 3 another thought there. Do you have any idea  
 4 what that other thought is? Because directly  
 5 below that is an E-mail from Dan Picciano  
 6 that you were copied on.  
 7 A. I believe this is in reference to  
 8 the attachments, so I believe what this is  
 9 saying is that here's another thought in  
 10 terms of here's another version of the  
 11 letter. That is my understanding.  
 12 Q. Okay. So in other words, his  
 13 thoughts or his thought is put forth in the  
 14 various revisions on those three versions of  
 15 the letter.  
 16 A. I believe that to be true.  
 17 Q. Okay. It's talking about a  
 18 goodbye letter, and what is that exactly?  
 19 A. This is a letter to send to a  
 20 cardholder to make it specifically clear to  
 21 them who the buyer -- that their debt was  
 22 sold and who the buyer of the debt is.  
 23 Q. And does Credit One send these  
 24 goodbye letters out now?  
 25 A. I believe that they do, yes.

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 A. Yes.  
 3 Q. Do you believe copies of the  
 4 generic letter, as you described it, that  
 5 existed prior to the end of last year still  
 6 exist at Credit One?  
 7 A. I don't know that for sure.  
 8 Q. The goodbye letters that are sent  
 9 out now, does Credit One maintain copies of  
 10 each and every goodbye letter that's sent  
 11 out?  
 12 A. I don't believe there's a record  
 13 of each individual letter. There would be a  
 14 record that the letter was sent to the card  
 15 member.  
 16 Q. Okay. What there is within the  
 17 documents of Credit One, the goodbye letter  
 18 that's being sent out today, at least a  
 19 template in which you'd fill in the name of  
 20 the person from that list; correct?  
 21 A. I'm sorry. Can you repeat that?  
 22 Q. You basically described a list of  
 23 the people who would receive the letter. I  
 24 assume, and correct me if I'm wrong, that you  
 25 have a template in which the computer takes

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 BY MR. SHELLY:  
 3 Q. Don't you think that could cause  
 4 confusion to a cardholder?  
 5 MR. SLODOV: Objection. Calling  
 6 for speculation.  
 7 BY MR. SHELLY:  
 8 Q. That they're getting no  
 9 information that they owe any debt from  
 10 Credit One but then some third party comes  
 11 around and says, hey, you owe us money?  
 12 MR. SLODOV: Objection.  
 13 Compound.  
 14 THE WITNESS: My understanding  
 15 was that the purpose of the letter was,  
 16 again, to try to make it clear to our  
 17 cardholder that we had -- we had sold  
 18 the debt and who the debt was sold to.  
 19 Whether we put the balance or not is --  
 20 you know, it could be construed as being  
 21 confusing either way.  
 22 If we put the -- if we put the  
 23 dollar amount down, the cardholder might  
 24 misconstrue that and somehow think that  
 25 they still owe us the money versus owing

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 asset-holding -- you don't know who -- or do  
 3 you know who does LVNV Funding, LLC -- who  
 4 owns that?  
 5 A. I don't -- I don't know.  
 6 Q. Do you know who owns PYOD, LLC?  
 7 A. No, I do not know that.  
 8 Q. And do you know what he means  
 9 when he says asset-holding entities -- that  
 10 they are asset-holding entities?  
 11 A. I don't know what that  
 12 terminology means.  
 13 Q. He's saying the buyer for PYOD --  
 14 and this letter has to do with third-party  
 15 buyers; correct? That's what the goodbye  
 16 letter is for, to let the customer know who  
 17 the third-party buyers are; correct?  
 18 MR. SLODOV: Objection as to  
 19 form.  
 20 THE WITNESS: I believe it was  
 21 for third-party buyers, because it was  
 22 my understanding that Sherman Financial  
 23 Group -- the Sherman Originator then,  
 24 you know, would sell the debt to other  
 25 buyers.

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 the buyer. There's no -- you know, in  
 3 my opinion, there's no perfect way to  
 4 communicate about this without it  
 5 potentially being, you know,  
 6 misconstrued or misinterpreted, whether  
 7 you put the balance or not or you're  
 8 relying on the buyer to communicate with  
 9 your former cardholder about what the  
 10 balance is.  
 11 BY MR. SHELLY:  
 12 Q. Further down on that page, the  
 13 response number 1:  
 14 "The buyer for PYOD" --  
 15 that's in capitals -- "is  
 16 going to be listed as 'Sherman  
 17 Financial Group' and the  
 18 servicer will be listed as  
 19 'LVNV Funding, LLC.' Please  
 20 confirm this."  
 21 What is or who is PYOD?  
 22 A. Well, as it says below,  
 23 LVNV Funding and PYOD, LLC are asset-holding  
 24 entities. Beyond that, I don't know.  
 25 Q. Okay. If PYOD is an

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1 \*\*\* CONFIDENTIAL \*\*\*  
 2 BY MR. SHELLY:  
 3 Q. Right. The buyers that are being  
 4 referred to are the buyers that purchase from  
 5 Sherman Originator; correct?  
 6 MR. SLODOV: Objection. Calling  
 7 for speculation.  
 8 THE WITNESS: That's my  
 9 understanding.  
 10 BY MR. SHELLY:  
 11 Q. So this buyer here that bought  
 12 from Sherman Originator, PYOD, in these  
 13 letters, they're going to be listed as  
 14 Sherman Financial Group. Do you have any  
 15 reason -- do you know why that is?  
 16 A. No, I do not.  
 17 Q. Does that indicate to you that  
 18 Sherman Financial Group has an interest in at  
 19 least one of the third-party buyers?  
 20 MR. SLODOV: Objection. Calling  
 21 for speculation.  
 22 THE WITNESS: Well, I would say,  
 23 obviously, if they're going to be listed  
 24 as Sherman Financial Group, there would  
 25 have to be some relationship there.

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<p>1 *** CONFIDENTIAL ***</p> <p>2 What that is, I don't know.</p> <p>3 BY MR. SHELLY:</p> <p>4 Q. Right. But for Credit One to put</p> <p>5 Sherman Financial Group down as the buyer,</p> <p>6 Sherman Financial Group would either have to</p> <p>7 have an interest in PYOD, or Sherman</p> <p>8 Financial Group itself would have to be the</p> <p>9 buyer of that debt; correct?</p> <p>10 A. I would assume so.</p> <p>11 Q. Do you have any idea why someone</p> <p>12 other than Credit One would be listed as the</p> <p>13 servicer?</p> <p>14 A. Again, this is after the sale of</p> <p>15 the account, so Credit One would not be</p> <p>16 listed as the current servicer. So after</p> <p>17 the -- after the account is sold, Credit One</p> <p>18 would no longer be the servicer, because</p> <p>19 Credit One has no interest in that after --</p> <p>20 after the sale.</p> <p>21 Q. A few pages on, the page ending</p> <p>22 2264, at the very bottom of that page,</p> <p>23 there's a paragraph numbered 2, and at the</p> <p>24 very end of that paragraph, it says that</p> <p>25 there is a "generic goodbye letter used for</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 report -- or BK 7, I'm sorry. It's my</p> <p>3 understanding that when BK 7s are purchased,</p> <p>4 that the buyer of that debt does not report</p> <p>5 that tradeline.</p> <p>6 Q. What about other debt? Are you</p> <p>7 aware of any other debt that is not reported</p> <p>8 by any other third-party buyers?</p> <p>9 A. I'm not aware of that.</p> <p>10 Q. Do you know why the BK 7 is not</p> <p>11 reported?</p> <p>12 A. It's my understanding when the BK</p> <p>13 is purchased -- it's my understanding that</p> <p>14 there's no attempt to collect on that debt</p> <p>15 unless that debt -- unless the -- unless the</p> <p>16 bankruptcy has been -- I want to make sure</p> <p>17 I'm using the right term -- so dismissed.</p> <p>18 So if someone files a petition,</p> <p>19 we sell the BK 7. The owner of that paper</p> <p>20 gets notification that the, you know, BK 7</p> <p>21 petition was not discharged. It was -- it</p> <p>22 was dismissed, meaning it was not valid and</p> <p>23 the debt was still owed. Then that buyer</p> <p>24 could attempt to collect on that debt.</p> <p>25 That's my understanding.</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 all buyers, some of which do not report a</p> <p>3 tradeline."</p> <p>4 Can you explain to me what is</p> <p>5 meant there by that some of these buyers did</p> <p>6 not report a tradeline?</p> <p>7 A. You said 2264. Which paragraph?</p> <p>8 Q. Paragraph number 2 at the very</p> <p>9 bottom of the page and in the last sentence</p> <p>10 there.</p> <p>11 A. I think this was just referring</p> <p>12 to that Credit One has -- that it's up to the</p> <p>13 individual debt buyers how they interpret</p> <p>14 credit bureau reporting, how that -- how they</p> <p>15 report the debt that they -- debt that they</p> <p>16 purchased.</p> <p>17 Q. But when it says some of which do</p> <p>18 not report a tradeline, does that indicate a</p> <p>19 knowledge by Credit One that some of these</p> <p>20 buyers do not report a tradeline?</p> <p>21 A. Do not report the tradeline of</p> <p>22 the sold account?</p> <p>23 Q. Correct.</p> <p>24 A. I believe that -- I believe that</p> <p>25 none of the buyers of bankruptcy accounts</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. Let's turn to page 2266. And in</p> <p>3 the middle of that page, there's a question</p> <p>4 that says:</p> <p>5 "Who will be indicated in</p> <p>6 the buyer field for the LVNV</p> <p>7 or PYOD accounts given the</p> <p>8 process that the accounts go</p> <p>9 through an intermediate</p> <p>10 owner?"</p> <p>11 Do you know what is being</p> <p>12 referred to there?</p> <p>13 MR. SLODOV: Objection. Calling</p> <p>14 for speculation.</p> <p>15 THE WITNESS: I'm not certain</p> <p>16 what specifically that's referring to.</p> <p>17 BY MR. SHELLY:</p> <p>18 Q. Is MHC considered an intermediate</p> <p>19 owner by Credit One?</p> <p>20 A. What do you mean by</p> <p>21 "intermediate"? What time are you --</p> <p>22 Q. Well, from my view, it would be</p> <p>23 an intermediate when it gets a receivable</p> <p>24 from Credit One and then it moves it down the</p> <p>25 line to the next entity, it's, to me, an</p>



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<p>1 *** CONFIDENTIAL ***</p> <p>2 answer to that.</p> <p>3 BY MR. SHELLY:</p> <p>4 Q. Let's look at page 2270. First</p> <p>5 of all, who is Scott Silver?</p> <p>6 A. I believe he's counsel for</p> <p>7 Sherman.</p> <p>8 Q. Do you see anybody from Credit</p> <p>9 One on this E-mail chain?</p> <p>10 A. The one that starts at the bottom</p> <p>11 of page 2270 or the one that starts at the</p> <p>12 bottom of page 2269?</p> <p>13 Q. Top of 2269.</p> <p>14 A. No, there's no one from Credit</p> <p>15 One.</p> <p>16 Q. Okay. Let's look at that 2270</p> <p>17 page that I referenced. The second</p> <p>18 paragraph, the last sentence reads:</p> <p>19 "A sold/transferred status</p> <p>20 is considered by the bureaus</p> <p>21 as a 'terminal' status for</p> <p>22 that account/data furnisher</p> <p>23 combo and, as such, is a</p> <p>24 static tradeline."</p> <p>25 Can you explain that to me, and</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 A. It would be the final, you know,</p> <p>3 report that Credit One would make to reflect</p> <p>4 the status of the account at the time that it</p> <p>5 was sold.</p> <p>6 Q. Two paragraphs down:</p> <p>7 "If the data furnisher</p> <p>8 updates the DOAI to June 2014,</p> <p>9 then they are reporting a</p> <p>10 tradeline beyond the time</p> <p>11 frame they have a legal right</p> <p>12 to do so based on ownership or</p> <p>13 assignment."</p> <p>14 Is that your understanding as</p> <p>15 well.</p> <p>16 A. Yes, that's my understanding,</p> <p>17 because if I'm reading through the whole</p> <p>18 example, it says if -- if we report the</p> <p>19 status in, you know, March of 2012, when I'm</p> <p>20 presuming it's charged off and sold. Based</p> <p>21 on the charge-off, the account -- the date of</p> <p>22 account information on a charge-off --</p> <p>23 updating the date of account information to</p> <p>24 reflect the bankruptcy would then be outside</p> <p>25 of the -- outside of the time frame.</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 in particular, what the terms "terminal" and</p> <p>3 "static tradeline" mean.</p> <p>4 MR. SLODOV: Objection. Calling</p> <p>5 for speculation. Calling for hearsay.</p> <p>6 THE WITNESS: I understand this</p> <p>7 to mean that once the account is</p> <p>8 statused and sold, no further update</p> <p>9 would be made on that tradeline.</p> <p>10 BY MR. SHELLY:</p> <p>11 Q. So does "terminal" mean sold, or</p> <p>12 can "terminal" mean something more than just</p> <p>13 sold?</p> <p>14 A. It's my understanding that</p> <p>15 "terminal" in this case would mean that's the</p> <p>16 final status for the account.</p> <p>17 Q. From whose perspective?</p> <p>18 A. From the credit bureau's</p> <p>19 perspective and from Credit One Bank's</p> <p>20 perspective.</p> <p>21 Q. That would be the final thing for</p> <p>22 Credit One to do but not necessarily the</p> <p>23 final thing that would happen to that</p> <p>24 person's credit report on this particular</p> <p>25 tradeline; is that correct?</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 Q. But he uses the words "legal</p> <p>3 right." Are you aware of any legal</p> <p>4 requirement that doesn't permit that?</p> <p>5 MR. SLODOV: Objection. Calling</p> <p>6 for legal conclusion.</p> <p>7 BY MR. SHELLY:</p> <p>8 Q. Whether -- well, you're the</p> <p>9 credit reporting person at Credit One.</p> <p>10 A. So the date of account</p> <p>11 information relates to the date that that</p> <p>12 account -- for example, a charge-off with</p> <p>13 them, the date of the account information, my</p> <p>14 understanding, is the one that starts the</p> <p>15 clock for them when that -- when that</p> <p>16 account -- the bad debt -- the charge-off</p> <p>17 would roll off the bureau.</p> <p>18 So different statuses require</p> <p>19 different dates of account information to</p> <p>20 make sure that if that charge-off is only to</p> <p>21 be on the credit bureau for seven years,</p> <p>22 that's the date that the credit bureau uses</p> <p>23 to determine when that debt no longer appears</p> <p>24 on the consumer's report.</p> <p>25 Q. That's not my -- that doesn't</p>

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<p>1 *** CONFIDENTIAL ***</p> <p>2 really answer my question.</p> <p>3 My question is, are you aware of</p> <p>4 any legal requirement that would not allow</p> <p>5 Credit One to update the DOAI in June of</p> <p>6 2014, in this example, an actual legal</p> <p>7 requirement that doesn't permit it because he</p> <p>8 uses the words "legal right"?</p> <p>9 MR. SLODOV: Objection. Calling</p> <p>10 for legal conclusion.</p> <p>11 BY MR. SHELLY:</p> <p>12 Q. Well, as the credit reporter for</p> <p>13 Credit One, would you understand that you</p> <p>14 couldn't do this because it would be illegal?</p> <p>15 MR. SLODOV: Objection. Calling</p> <p>16 for legal conclusion.</p> <p>17 THE WITNESS: I would -- I</p> <p>18 understand that we would not do that,</p> <p>19 because that's not what the guidelines,</p> <p>20 as presented in the reporting</p> <p>21 guidelines, allow us to do.</p> <p>22 BY MR. SHELLY:</p> <p>23 Q. Right. So the guidelines don't</p> <p>24 permit it, but there's no law that says you</p> <p>25 can't, is there?</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 "Credit One is trying to</p> <p>3 sort through how they report</p> <p>4 accounts that file for BK</p> <p>5 after they have been sold."</p> <p>6 Do you have any understanding why</p> <p>7 somebody from SFG would be writing to</p> <p>8 somebody at Resurgent about a problem that</p> <p>9 Credit One is trying to resolve? Why</p> <p>10 wouldn't somebody from Credit One write to</p> <p>11 them?</p> <p>12 MR. SLODOV: Objection as to</p> <p>13 form.</p> <p>14 THE WITNESS: My understanding is</p> <p>15 that in order for Credit One to make</p> <p>16 sure that the way that it currently and</p> <p>17 has reported sold accounts -- I guess I</p> <p>18 would use the example of I may call the</p> <p>19 credit bureau to ask, you know, how --</p> <p>20 do you have any knowledge of how this --</p> <p>21 my impression is their conversations</p> <p>22 that -- you know, then -- conversations</p> <p>23 about reporting in general, that then</p> <p>24 someone is reaching out to try to see if</p> <p>25 they have any information that might</p>
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<p>1 *** CONFIDENTIAL ***</p> <p>2 A. Not to my knowledge.</p> <p>3 Q. Okay. Just as an aside, this is</p> <p>4 Paul Eaton writing this from Resurgent</p> <p>5 Capital Services, Greenville, South Carolina.</p> <p>6 Does that refresh your memory that they're</p> <p>7 located in Greenville?</p> <p>8 A. Oh, yeah, right, right.</p> <p>9 Q. You believe Resurgent, then,</p> <p>10 would be the Greenville resources that were</p> <p>11 referred to earlier?</p> <p>12 MR. SLODOV: Objection. Calling</p> <p>13 for speculation.</p> <p>14 THE WITNESS: Yes, it's logical</p> <p>15 that Resurgent is located in Greenville.</p> <p>16 To my knowledge, they may be located</p> <p>17 other places as well.</p> <p>18 BY MR. SHELLY:</p> <p>19 Q. The next page, 2271, there's no</p> <p>20 one from Credit One in the From or To or CC</p> <p>21 area. It's from SFG.com. I assume that</p> <p>22 means Sherman Financial Group?</p> <p>23 A. Yes, that's correct.</p> <p>24 Q. And then the fellow from</p> <p>25 Resurgent again. It says:</p>	<p>1 *** CONFIDENTIAL ***</p> <p>2 help Credit One, in general, on the</p> <p>3 subject.</p> <p>4 BY MR. SHELLY:</p> <p>5 Q. But I don't understand why Credit</p> <p>6 One is the one reaching out to Mr. Umstetter</p> <p>7 as opposed to SFG. Why would SFG be the one</p> <p>8 reaching out for this advice? Why wouldn't</p> <p>9 Credit One do it directly?</p> <p>10 MR. SLODOV: Objection. Calling</p> <p>11 for speculation.</p> <p>12 THE WITNESS: I'm not sure why,</p> <p>13 in this E-mail, that it's only someone</p> <p>14 from Sherman or someone from Resurgent</p> <p>15 reaching out to Sherman. I don't know</p> <p>16 the answer to that.</p> <p>17 BY MR. SHELLY:</p> <p>18 Q. Were you aware of any instance in</p> <p>19 which Credit One did, in fact, reach out to</p> <p>20 someone other than its in-house attorneys or</p> <p>21 separate counsel outside of the firm for</p> <p>22 advice on how to report bankruptcies after</p> <p>23 they had been sold?</p> <p>24 MR. SLODOV: Objection. Calling</p> <p>25 for communications between attorney and</p>

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**Withheld due to Defendant's claim of Confidentiality**  
**Provided courtesy copy to Court for *in camera* review**